

Misuse/Abuse and Delinquency Management



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Government Travel Charge Card
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Barbara Hepburn



Misuse/Abuse and Delinquency Management

- Program Background
- Goals/Strategies
- Recommended Processes
- Summary



Government Travel Card Background

Public Law 105-264

The Travel and Transportation Reform Act of 1998 mandates use of the Government Travel Charge Card for federal employees on official government travel

DOD Financial Management Regulations (FMR)

Vol. 9 Chapter 3

Mandatory for Frequent Travelers, i.e., 3 or more times in a 12-month period



Roles and Responsibilities

- Commanders/OICs/Commanding Officers
 - APC Support, Discipline, Command Climate
- Agency Program Coordinator (APC)
 - Daily Program Oversight, Delinquency
 - Monitor Accounts for Misuse, Abuse
- Cardholders (CH)
 - Responsible Use ONLY while on Official Government Travel
 - Personal Use PROHIBITED!!



Card Management Group

Program Statistics

Number of Agency Program Coordinators: 4,668

Number of Cardholders: 209,199

Average Monthly Dollar Volume: \$30M

Annual Dollar Volume: \$1.0B

Delinquency: 4,804 Accts /
\$2.8M

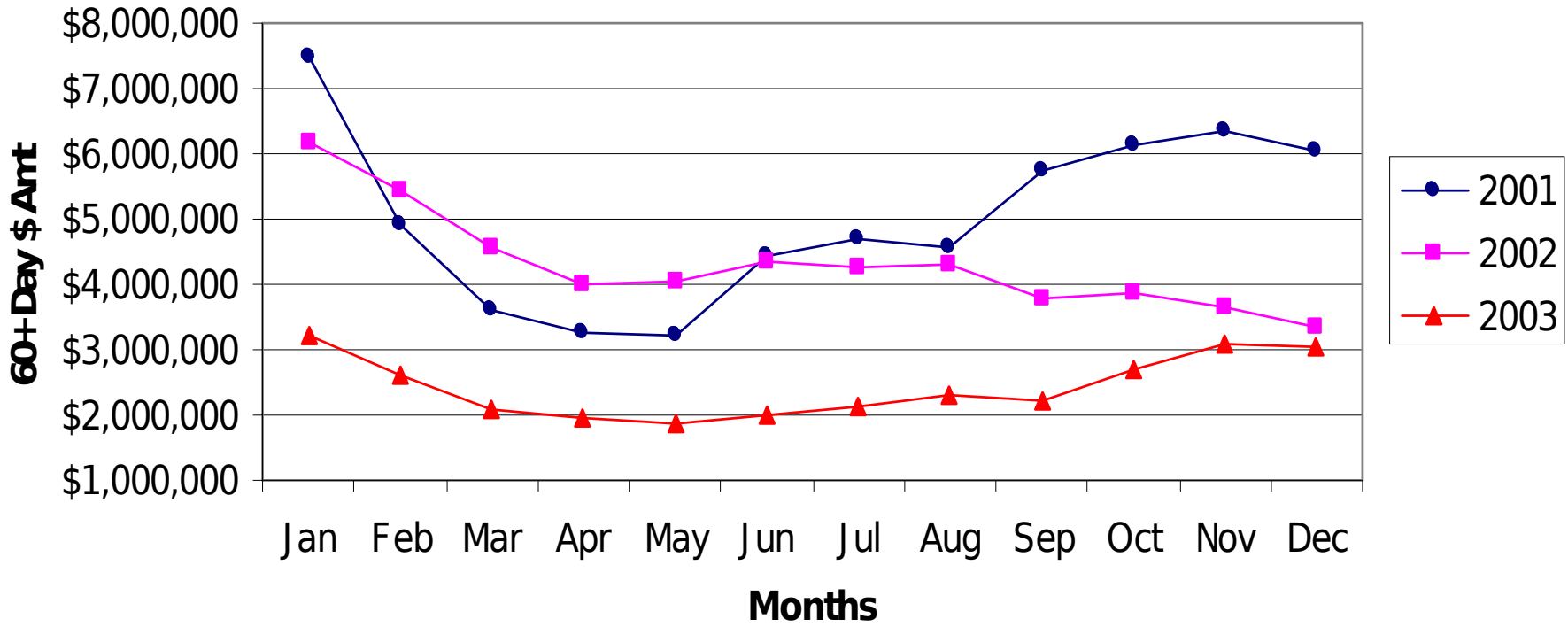
Charge Offs: 77 Accts /
\$63K

**DON Delinquency Goal: 4% (\$ >60 Days) January:
13.75%**

Navy IBA Delinquency \$ Amounts



Navy IBA 60+ Delinquent Dollar Amounts





Proper Use

- ONLY on official government travel
 - Lodging, Transportation, M&IE
- Not for personal use
- For use only by cardholder
- Frequent/Infrequent Traveler
 - 3 Trips/Year or More: Frequent - *Must* Use
 - 2 Trips/Year or Less: Infrequent - *May* Use
 - COMPACFLT/COMLANTFLT are exceptions



The Need to Manage Delinquency, Misuse and Abuse

- Unacceptably high charge-off losses
- Unacceptable double digit delinquent account percentages



Why Misuse and Abuse Management is #1 Priority

- Direct relationship between Misuse/Abuse and Delinquency
- Cardholder Misuse/Abuse erodes GTCC program integrity
- Delinquency and Misuse/Abuse both lead to direct losses to GTCC program
- Left unchecked program would lose contractor participation (e.g. Army example)



Misuse/Abuse Management

Misuse and Abuse Definition

A Department of the Navy IBA Travel Card used for purposes other than those of official Government Travel and repeated or excessive misuse as defined in the DOD FMR Volume 9, Chapter 3.



Goals

- Reduce Misuse/Abuse to nominal levels
- Achieve 4% Delinquency Rate
- Maintain maximum “mission readiness”
- Meet program regulatory requirements



Strategies

- Raise awareness about program
- Require APC accountability
- Participation of APC's/ CO/supervisors working together at all hierarchy levels
- Require cardholder accountability
- Require report mechanism to give management info to improve process and program overall



Misuse/Abuse Management Process

How Does This Process Work?

- Review four reports to select key risk factors
- Identify accounts to deactivate or close
- If deactivated/closed, code in EAGLS for identification



Misuse/Abuse Management Process

Key Risk Factors

1. High cash usage
2. Excess or specific retail card usage
3. Large transactions or declined transactions
4. Bad check activity



Misuse/Abuse Management Process

Reports Reviewed to Select Suspect Transactions

- Exceptions – ATM/Cash Activity
- Exceptions – Return Check Charges
- Exceptions – Transactions over \$2,500
- Authorization/Declines

Exceptions Report - ATM

Search Criteria:

HL1	HL2	HL3	HL4	HL5	HL6	HL7	HL8
1	2000002	3048599	4048609	5048604	6048604	0	0

MCC Codes: 6010,6011

Start Date: 12/01/2001

End Date: 12/31/2001

Sorted by: Hierarchy, Account Name, Posting Date

Hierarchy Name: CSS-16 CMNDR SUB SQDRN 16

Hierarchy:	HL1	HL2	HL3	HL4	HL5	HL6	HL7	HL8
	1	2000002	3048599	4048609	5048604	6048604	0	0

Account Name: Phillips, Rachel N

Current Balance:

\$143.38

Account Status: O

Account Number: 4486120012345678

Past Due Amount:

\$0.00

Billing Type: I

Transaction Date	Posting Date	Transaction Amount	Memo Flag	Reference Number	MCC	Merchant Description	Merchant City	Merchant State	Merchant Zip
12/06/02	12/07/02		\$500.00 D	74301831342933736807874	6011	Navy Federal C/BLDG D29M			
Norfolk	VA	\$500.							

Account Name: Mosley, Robert A

Current Balance:

\$0.00

Account Status: O

Account Number: 4486120023456789

Past Due Amount:

\$0.00

Billing Type: I

Transaction Date	Posting Date	Transaction Amount	Memo Flag	Reference Number	MCC	Merchant Description	Merchant City	Merchant State	Merchant Zip
11/30/2001	12/03/2001	\$30.00 D		74301831334933774057812	6011	NAVY FEDERAL C/1 PEARY BL	NEWPORT	RI	
12/01/2001	12/03/2001	\$21.00 D		74301831335559820691632	6011	CITIZENS BANK/300 QUAKER	WARWICK	RI	
12/03/2001	12/04/2001	\$32.00 D		74301831337623571507831	6011	THE PEOPLE'S C/858 WEST M	MIDDLETOWN	RI	
12/04/2001	12/05/2001	\$30.00 D		74301831338933594897815	6011	NAVY FEDERAL C/1 PEARY BL	NEWPORT	RI	
12/05/2001	12/06/2001	\$30.00 D		74301831339933620807886	6011	NAVY FEDERAL C/1 PEARY BL	NEWPORT	RI	
12/06/2001	12/07/2001	\$30.00 D		74301831340933606737823	6011	NAVY FEDERAL C/1 PEARY BL	NEWPORT	RI	
12/11/2001	12/12/2001	\$60.00 D		74301831345933591417816	6011	NAVY FEDERAL C/1 PEARY BL	NEWPORT	RI	
12/13/2001	12/14/2001	\$60.00 D		74301831347933740597813	6011	NAVY FEDERAL C/1 PEARY BL	NEWPORT	RI	
12/14/2001	12/17/2001	\$30.00 D		74301831348933628697866	6011	NAVY FEDERAL C/1 PEARY BL	NEWPORT	RI	
12/15/2001	12/17/2001	\$30.00 D		74301831349933782727847	6011	NAVY FEDERAL C/1 PEARY BL	NEWPORT	RI	
12/19/2001	12/20/2001	\$30.00 D		74301831353933715177857	6011	NAVY FEDERAL C/1 PEARY BL	NEWPORT	RI	

Account Total: \$383.00

Exceptions Report - Returned Check Charges

Search Criteria: HL1 HL2 HL3 HL4 HL5 HL6 HL7 HL8
 1 2000002

Sorted by: Hierarchy, Account Number, Posting Date

Start Date:08/16/2002 End Date: 08/31/2002

Account Name: PHILLIPS, RACHEL N Current Balance: \$0.00 Account Status: C
 Account Number: 4486120012345678 Past Due Amount: \$0.00 Billing Type: I

Hierarchy Name: SPAWARSSYSCEN SD

Hierarchy: HL1 HL2 HL3 HL4 HL5 HL6 HL7 HL8
 1 2000002 3047917 4047918 0 0 0 0

Transaction Date	Posting Date	Transaction Amount	Memo Flag	Reference Number	MCC Merchant Description	Merchant City	Merchant State	Merchant Zip
07/11/2002	08/19/2002	\$109.61 D		74486122231043991126492	Ck# 1522 NSF	1582819008		

Account Total: **\$109.61**

Account Name: MOSLEY, ROBERT A Current Balance: -\$455.78 Account Status: O
 Account Number: 4486120023456789 Past Due Amount: \$0.00 Billing Type: I

Hierarchy Name: SPAWARSSYSCEN SD

Hierarchy: HL1 HL2 HL3 HL4 HL5 HL6 HL7 HL8
 1 2000002 3047917 4047918 0 0 0 0

Transaction Date	Posting Date	Transaction Amount	Memo Flag	Reference Number	MCC Merchant Description	Merchant City	Merchant State	Merchant Zip
08/16/2002	08/16/2002	\$2,425.90 D		74486122228043991126794	Ck# 738 NSF	1509806008		

Account Total: **\$2,425.90**

Account Name: EVANS, CARL Current Balance: \$517.42 Account Status: O
 Account Number: 4486120033356789 Past Due Amount: \$0.00 Billing Type: I

Hierarchy Name: SPAWARSSYSCEN SD

Hierarchy: HL1 HL2 HL3 HL4 HL5 HL6 HL7 HL8
 1 2000002 3047917 4047918 0 0 0 0

Exceptions Report - Transactions Over \$2500

Search Criteria:

HL1

HL2

HL3

HL4

HL5

HL6

HL7

HL8

1

2000002

Multiple MCC:

Start Date: 08/16/2002

End Date: 08/31/2002

MCC Start: 6010

MCC End:

9999

Sorted by: Hierarchy, Account Number, Posting Date

Account Name: PHILLIPS, RACHEL N

Current Balance: \$2,519.05

Account Status: O

Account Number: 4486120012345678

Past Due Amount: \$0.00

Billing Type: I

Hierarchy Name: SPAWARSYSCEN CHARLESTON

Hierarchy:	HL1	HL2	HL3	HL4	HL5	HL6	HL7	HL8
	1	2000002	3047917	4047923	0	0	0	0

Transaction Date	Posting Date	Transaction Amount	Memo Flag	Reference Number	MCC	Merchant Description	Merchant City	Merchant State	Merchant Zip
08/15/2002	08/19/2002	\$3,308.36 D		24426842228170004140024	7299	SUN ESTATES	WAIANAE	HI	96792

Account Total: \$3,308.36

Account Name: MOSLEY, ROBERT A

Current Balance: \$4,356.97

Account Status: O

Account Number: 4486120023456789

Past Due Amount: \$0.00

Billing Type: I

Hierarchy Name: SPAWARSYSCEN CHARLESTON

Hierarchy:	HL1	HL2	HL3	HL4	HL5	HL6	HL7	HL8
	1	2000002	3047917	4047923	0	0	0	0

Transaction Date	Posting Date	Transaction Amount	Memo Flag	Reference Number	MCC	Merchant Description	Merchant City	Merchant State	Merchant Zip
08/26/2002	08/27/2002	\$3,510.00 D		24492802238157000010047	7299	NATIONAL CORPORATE HOUSIN	703-4645700	VA	20190

Account Total: \$3,510.00

Hierarchy Total: \$6,818.36

Authorizations/Declines Report

	HL1	HL2	HL3	HL4	HL5	HL6	HL7	HL8
Search Criteria:	1	2000002	0	0	0	0	0	0

Multiple MCC:

MCC Start: 5013 **MCC End:** 7999

Start Date: 11/15/2001 **End Date:** 01/15/2002

Sorted by: Hierarchy Level, Account Number, Auth Date **Transaction Selection:** Approvals

Hierarchy Name: DEPT OF THE NAVY IBA

Hierarchy Number: 1 2000002 0 0 0 0 0 0

<u>Auth Date</u>	<u>Request Amount</u>	<u>Account Number</u>	<u>Response Reason</u>	<u>Response Code</u>	<u>Merchant Description</u>	<u>Merchant City</u>	<u>MCC</u>	<u>Activity Code</u>
12/06/2002	\$500.00	4486120012345678		094072	Toys "R" Us	NORFOLK	5433	Purch
01/03/2002	\$99.99	4486120023456789		056777	MAPLE DONUTS	MEMPHIS	6292	Purch
12/14/2001	\$3,950.10	4486120034567890		054870	DELL CATALOG SALES L.P.	800-639-3355	7011	MOTO
01/13/2002	\$59.00	4486120023456781		056481	ONE-STOP CAR CARE	DALLAS	7628	Purch
01/02/2002	\$366.00	4486120023456782		066683	THE COACH STORE #4850	HARRISBURG	5302	Purch
01/18/2002	\$469.19	4486120023456783		084437	RITE AID	LANCASTER	5912	Purch
01/22/2002	\$373.12	4486120023456784		087529	TICKETMASTER-FL	407-839-9300	5969	MOTO
01/01/2002	\$72.00	4486120023456785		052010	1-800-FLOWERS.COM,INC.	SAN DIEGO	5968	MOTO
01/07/2002	\$132.21	4486120023456786		034439	NSS*MAGAZINE ORDER	MECHANICSBURG	5968	MOTO
01/06/2002	\$150.00	4486120023456787		070736	JOE'S PAWN SHOP	YORK	5933	Purch



APC Responsibilities

- Educate cardholder
- Review for non-compliant transactions
- Interact with CO and cardholder
- Discontinue High Cash usage
- Use Split Disbursement Option, form 1351-2
- Stop retail use not related to travel



Summary Misuse/ Abuse Management

Unit APC Level - Transaction Activity Report Review

- APC's can review transactions and MCC codes from transaction activity report daily and select questionable transactions for investigation

Create A Misuse/Abuse Management Report

- DON eBusiness Operations Office does same type of exception review to select suspect transactions and sends them in report form directly to Level 3's every 10 days or as often as needed



Delinquency Management

Delinquency Management Definition

Systematically monitor the Navy IBA Travel Charge Card accounts for one who neglects or fails to fill an obligation of debt



Goals

- Achieve 4% Delinquency Rate
- Maintain maximum “mission readiness”
- Meet program regulatory requirements



Delinquency Management

What is the Delinquency Management Process?

- An interactive reporting process of managing delinquent account information
- Reports delinquency activity detail
- Provides info to management of delinquency responses requiring action



Purpose

Why Is This Process Recommended?

- Reduce delinquency
- Provides a reporting mechanism to Commanding Officers/Supervisors
- Report info gives insight into GTCC process problems and solutions
- Creates an audit trail



A Simplified Approach: Two Reports

EAGLS Delinquency by HL Raw Data report in Excel format

- Acts as a Control Report
- Complete view of all delinquent accts

EAGLS Transaction Activity report

- Acts as a Feeder / Update Report
- Gives new daily transaction info



Getting the Process Started

Delinquency Management Process

1. Run Reports

- Delinquency by Hierarchy Level Raw Data
- Transaction Activity

2. Create Delinquency Response Spreadsheet (DRS)

- Monthly DRS can be made up and distributed to whole claimancy
- Unit APCs can use DRS to track just their unit



Process Reports

Delinquency Response Spreadsheet

Account Number	First	Last	Hierarchy Name	HL3	HL4	Acct Stat	Qual		
4486-1200	Michael	Smith	BUPERS	3048624	0	Open	Suspended		
4486-1200	Rachel	Phillips	BUPERS	3048624	0	Open			
4486-1200	Brian	Jones	BUPERS	3048624	4048615	Open	Suspended		
4486-1200	Patricia	Heasley	BUPERS	3048624	4048615	Open	Suspended		
4486-1200	Jennifer	Leonard	BUPERS	3048624	4048615	Open	Suspended		
4486-1200	John	Banks	BUPERS	3048624	4048615	Closed	Cancelled		
Past Due Amount	Current Balance	Tot Pymt Amt	Past Due Amt 1-30	Past Due Amt 31-60	Past Due Amt 61-90	Past Due Amt 91-120	Status as of Date	Resp Code	Responder Comments
\$ 1,194.19	\$ 1,194.19	\$ -	\$ -	\$ 1,194.19	\$ -	\$ -	9/20/2002		
\$ 730.95	\$ 2,268.00	\$ -	\$ 730.95	\$ -	\$ -	\$ -	9/20/2002		
\$ 1,521.52	\$ 1,550.52	\$ -	\$ 29.00	\$ -	\$ -	\$ 1,492.52	9/20/2002		
\$ 880.00	\$ 1,541.28	\$ -	\$ 300.00	\$ 300.00	\$ -	\$ 280.00	9/20/2002		
\$ 1,888.39	\$ 1,888.39	\$ -	\$ -	\$ 1,888.39	\$ -	\$ -	9/20/2002		
\$ 95.91	\$ 105.91	\$ -	\$ 39.00	\$ 56.91	\$ -	\$ -	9/20/2002		



Process Reports

Transaction Activity Report

HL3_Criteria	HL4_Criteria	Transaction Date	Posting Date	First Name	Last Name	Account Number
3048624	0	8/16/02	8/19/02	Michael	Smith	4486 1200
3048624	0	8/15/02	8/19/02	Rachel	Phillips	4486 1200
3048624	4048615	8/16/02	8/19/02	Brian	J ones	4486 1200
3048624	4048615	8/16/02	8/19/02	Patricia	Heasley	4486 1200
3048624	4048615	8/18/02	8/19/02	Jennifer	Leonard	4486 1200
3048624	4048615	8/20/02	8/20/02	J ohn	Banks	4486 1200
Hierarchy Name	Total Bill Amount	Credit Value	Debit Value	MCC Code	Merchant Description	Merchant City
BUPERS	1000	1000	0		PAYMENT	
BUPERS	87.2	0	87.2	7273	BIFF OG KJ OTTHU	TRONDHEIM
BUPERS	47.99	0	47.99	5812	REHAB	LONDON SW19
BUPERS	21.75	0	21.75	5812	THAI WEST	LONDON W1
BUPERS	64.32	0	64.32	5812	CAFE MAROUSH	LONDON
BUPERS	4.88	0	4.88		CASH ADVANCE FEE	

Report run 8-17-02 / 8-25-02



Process Steps

Transaction Activity Report

- Update payment information daily
- Review new charge amounts
- Review MCC Codes
 - Codes 5813 and 5411 most abused
- Review accounts with activity that have no travel orders issued
 - Deactivate
 - Possible disciplinary action



Interact With Cardholders

How to Utilize the DRS

- Make cardholder contact
- Verify/update cardholder information
- Explain purpose of the contact
- Record the reason for delinquent pay
- Ask for commitment to pay balance

Interaction With Cardholders



Additional Questions to ask:

- Is Cardholder aware of Travel Card Policy with respect to reimbursement ?
- Has Cardholder filed reimbursement ?
- Has Cardholder been reimbursed?
- Is Cardholder aware of the Split Disbursement Option?

Interaction With Cardholders



Use DRS to Record Communications, Correspondence and Action Taken

- APCs should ask to be notified when cardholder receives reimbursement
- Review delinquency policy that may impact cardholder if delinquency continues (Salary Offset)
- Forward responses to CO/Supervisor, command involvement is key



Summary

- APC involvement
- 4% or less delinquency goal as mandated
- Cardholder accountability
- Command participation and support



Conclusion

Keep up the great work, because as Frederick Douglass said “Without a struggle, there can be no progress.”

Remember DON e-Business Operations Office is here to assist you in the struggle

Check our web site for additional information:
www.don-ebusiness.navsup.navy.mil